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DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
LANSING

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ENROLLED BILL ANALYSIS

BILL NUMBER: HB 4394 (S-3)

TOPIC: Unemployment Insurance (UI) – Benefit Charges Against Continuing Employers

SPONSOR: Representative Haveman

CO-SPONSORS: Representatives Schmidt, Bumstead, Tyler, Jacobsen, Johnson, Heise, Walsh, Rendon, Byrum, MacGregor, Gilbert, Genetski, Dillion, R. Schmidt, Haugh, Geiss, Hughes, Shirkey, McMillin, Crawford, Lyons, Knollenberg, Outman, Kurtz, Daley, Hooker, Bledsoe, Denby, LaFontaine, Shaughnessy, Kowall, Callton, Goike, Franz, Moss, Agema, Brown, Tlaib, Damrow, Farrington, Glardon, Haines, Horn, LeBlanc, Liss, Muxlow, O'Brien, Opsommer, Price, Yonker, Zorn

COMMITTEE(S): House Committee on Commerce
Senate Committee on Economic Development

DATE OF INTRODUCTION: March 8, 2011

DATE ENROLLED: December 7, 2011

DATE OF ANALYSIS: December 8, 2011

ADMINISTRATION POSITION

The Administration supports the bill.

PROBLEM/BACKGROUND

Individuals often have more than one job. The most likely scenario would include one part-time and one full-time job. In the current statute, if an individual would lose their full-time job and continue to work their part-time job, the employer that continues to employ the individual on a part-time basis would also get charged for a portion of the benefits. This continuing employer could be relieved of benefit charges if they paid the claimant remuneration each week at least equal to or more than the benefits charged to their account. The employer is required review their biweekly benefit charge statements and request the benefit charges to be charged to the nonchargeable benefits account. This is burdensome to both employers and the Unemployment Insurance Agency (UIA).

DESCRIPTION OF BILL

This bill adds a new Section 27c to the Michigan Employment Security Act. The employer would only have to notify the unemployment insurance agency once at the beginning of the benefit year that they will continue to employ the individual and the individual will be paid remuneration at least equal to or more than the benefits chargeable to their account. The

remainder of the weekly benefit charges for this employer will be charged to the nonchargeable benefits account.

SUMMARY OF ARGUMENTS

Pro

Some argue the bill removes burdensome requirements on employers and will streamline the process for both the employers and the UIA. There is a potential of 12 fewer requests for non-charging per employer that falls into this category (9 after January 1, 2012) that is less burdensome for both the employer and the UIA.

Con

Some argue the bill increases the possibility that an employer could provide the necessary notification to UIA yet not continue to pay remuneration equal to their share of the benefit payment. This could result in charges to the nonchargeable benefits account rather than the employer's UI account.

FISCAL/ECONOMIC IMPACT

(a) Department:

Revenue: May increase the benefits charged to the nonchargeable benefits account. It is unknown how many employers take advantage of the new provision.

Comments: This bill covers the time now until January 1, 2014 at which time the system re-write should be completed. When completed, the new system will provide the claimant with a means to self report earning through the MARVIN system, streamlining the process even more.

(b) State: This bill covers the time now until January 1, 2014 at which time the system re-write should be completed. When completed, the new system will provide the claimant with a means to self report earning through the MARVIN system, streamlining the process even more.

(c) Local government: This bill covers the time now until January 1, 2014 at which time the system re-write should be completed. When completed, the new system will provide the claimant with a means to self report earning through the MARVIN system, streamlining the process even more.

OTHER STATE DEPARTMENTS

The bill does not affect other state departments.

ADMINISTRATIVE RULES IMPACT

The bill will not result in any new rules.